



## INDUSTRIAL ANALYSIS ON HOSPITAL INDUSTRY

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### Abstract

Healthcare is among the fastest growing sectors in both developed and emerging economies. This paper proposes the framework of industrial analysis on hospital sector. The framework relates to the key success factors of private hospitals and on this basis Competitive profile Matrix has been designed in order to summarize the performance of these hospitals. Basically five hospitals have been taken for the study i.e. Apollo, Fortis, Wockhardt, Maxhealthcare and Sunderlal Jain Hospitals.

**Keywords:** Industrial Analysis, Key Success Factors, Competitive Profile matrix.

### Introduction

Healthcare has become one of India's largest sectors both in terms of revenue & employment. The industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well private players. During 2008-20, the market is expected to record a CAGR of 16.5 per cent. The total industry size is expected to touch USD160 billion by 2017 & USD280 billion by 2020. As per the Ministry of Health, development of 50 technologies has been targeted in the FY16, for the treatment of diseases like Cancer & TB Government is emphasising on the e-Health initiatives such as Mother & Child Tracking System (MCTS) & Facilitation Centre (MCTFC) Indian companies are entering into merger & acquisitions with domestic & foreign companies to drive growth & gain new markets.

### Key Success Factors of the Industry

**1. Medical Infrastructure Development:** Medical infrastructure is expected to grow at 14.5% over the next five years (starting 2007). To achieve a bed population ratio of 1.98, a total investment of US\$ 88 billion would be required. Revenues from private bed in 2012 estimated at US\$ 38.8 billion. Leading real estate players are looking at new business areas such as hospital properties to maximise amenities in their integrated townships.

	Apollo Hospital	Fortis Hospital	Wockhardt Hospital	Max health care Hospital	Sunderlal Jain Hospital
No. Of Hospitals	46	38	8	15	2
No. Of Beds	8065	5200	1390	2725	218
No. Of Doctors	16,455	10,250	9867	10,100	100

### 2. Mergers and Acquisitions.

#### Fortis Hospital

- Fortis has acquired Hiranandani hospital for US\$ 6.1 million, Navi Mumbai.
- International foray with Fortis Unique Darne at Mauritius. Increasing the bed capacity from 120-400
- Agreed to buy 10 hospitals in India for 9.09 billion rupees (\$ 187 million)
- Ranbaxy promoted Fortis Healthcare Ltd would continue with its strategy of entering into operations & management contracts with owners of existing and new hospital
- Fortis already has such contracts with existing and new hospitals like Jessa Ram hospital, Fortis La Femme, Rajan Dhall hospital, Vasant kunj in New Delhi & Khyber Medical Institute in Jammu and Kashmir.
- DLF linking a 20:74 joint venture with Fortis in order to set up 200-450 bed capacity 31 cities in India within 3-5 years of US\$ 1.5 billion
- Acquired the renowned Escorts healthcare system & this amalgamation has set benchmarks for healthcare delivery
- Association with one of the world's leading hospitals systems, partners healthcare system Inc (PHS), USA & its founding members, Massachusetts general hospital & Brigham & women's hospital which are the leading teaching hospitals of the Harvard Medical School
- Acquired 10 hospitals from Wockhardt. With acquisition, Fortis will have bed capacity of 5200 beds &

- network of 38 hospitals
- With the combination of Green Field project multi speciality hospitals , the company in Shalimar Bagh will have a strong National presence by 2012
- Fortis International Institute of Bio Medical Sciences at Gurgaon , a seven multi super speciality flagships hospital is under construction.
- Intends to have 40 hospitals with 6000 beds by 2012
- Acquires controlling stake in RM hospital , Bangalore.
- Signs up O&M contract with RNMCS , kota , Rajasthan.
- Civil construction for oncology block at Noida , started
- MOU signed by International Oncology services Pvt Ltd
- Has announced the signing of a definite agreement for allotment of 6,76,000 equity share to VASCO Inc for an investment amount of US\$ 2.6 million

### **Apollo Hospital**

- Joint Venture with Singapore based Parkway Group healthcare ltd
- Has tied up with Indian oil Corporation to set up its Pharmacies at the latter petrol stations
- Has signed an MOU with Ludwig Boltzman Institute for applied Radiation research at Donahospital , Vienna
- Target of 25-30 clinics across India for flawless services & excellent quality like Nigeria , Riyadh , Sri lanka & Bangladesh
- Opening clinics in Jaipur , Siliguri , Chandigarh , Kolkatta. Interor by Alfaz Mills , clinic Management software by Wipro health care It , employee uniform by Ravi Bajaj has tied with Apollo hospitals.
- 1000 International beds over next 2 years
- Apollo hospital has entered into partnership to provide operational management services to lagos based Hugua Nigeria , one of the largest healthcare group in west Africa.

### **Maxhealthcare Hospital**

- Joint venture between Max India & Bupa Finanace plc, UK which is set in 2009 & improve life through our clinic research business.
- Expanding research in North India & has opened a hospital in Dehradun in 2009.
- Super specialists hospitals chain Max healthcare today announced to invest Rs 700 crore on selling 6 new hospitals , besides putting Rs 250 crore on medical research & education as part of its plans to scale up investment in the healthcare segment.
- Three new hospitals are coming up in Delhi and two in Punjab (Mohali and Bhatinda) in public private partnership mode with Punjab government. The hospital would have 200 bed for cancer & Heart patients & worth of hospitals is approx 140 crore. The government has allocated 4.80 acres of land in the civil District Hospital complex in Bhatinda.
- Max healthcare has 8 hospitals in Delhi & NCR , set up with an investment of Rs 1000 crore.
- Company is also negotiating with GE capital & other two funds to raise as much as Rs 300 crore by selling shares to chaise acquisition.
- Selling the first brain lab in Max Devki Devi hospital in New Delhi. It will specialize in Neuroscience & Neurosurgery.
- It has seen investment of Rs 140 crore from Warburg Pincus .  
Wockhardt Hospital
- Hinduja group chairman had announced to put up a Rs 300 crore , 250 crore bed hospital in Chennai. Acquiring Wockhardt hospital , which has 15 hospitals across India , will help Hindujas meet their objective respectively.
- They have plans to set up 6 more hospitals & expand the number of beds to 3,300 and their investment of Rs 900 crore.
- It has acquired Pinewood lab a branded generic Pharmaceutical Company in Ireland estimated to be worth of US\$ 150 million.
- Stake in 100 bed capacity in Nagpur
- Plans to build new speciality hospitals in tier II cities in the country.

### **3. Quality Accreditations**

#### **JCI (Joint Commission International) Accreditations.**

- Apollo Hospital: 3 hospitals have been JCI accredited. They are indraprastha hospital , Apollo Chennai & Apollo Hyderabad.
- Fortis Hospital: 1 hospital has been JCI accredited i.e. Fortis Noida.
- Wockhardt hospital: 1 hospital has been JCI accredited i.e Wockhardt , Bangalore

## **NABH (National Accreditation board for Hospitals) Certification**

- Sunderlal jain Hospital: only lab has acquired NABH certificate.
- Apollo hospital : Apollo hyderabad has NABH certification
- Fortis Hospital : Fortis Medicity , Gurgaon & Fortis Medicity , Lucknow has acquired NABH certificate
- Maxhealthcare Hospital: Max super speciality hospital & Max Devki Devi heart and vascular institute has acquired NABH certificate.

### **4. Food majors looking at Hospitals for their outlets**

- Apollo Hospital : Indraprastha Apollo hospital , Delhi & food major in campus-Nathu's
- Max healthcare Hospital: Maxhealth care , Gurgaon & food major in campus-Cafe Coffee day outlet & Max heart institute, Delhi & food major in campus – Subway outlet.

### **5. Health care expansion to smaller cities**

- Apollo hospital : Vishakhapatnam , Bhubaneswar, Ahmadabad , North east
- Wockhardt hospital: Nagpur, Surat , Bhavnagar , Nashik , Ludhiana , Jabalpur
- Maxhealth care hospital: Eastern India

### **6. Centres of Excellence /Awards**

#### **Maxhealthcare Hospital**

- FICCI healthcare Excellence awards
- DL Shah National Award on “Economics of quality”.
- NABH accreditations on blood bank
- Max institute of Neuro Sciences-has first integrated Brain Suite in Asia pacific
- Max heart & Vascular Institute – recognized Centre of Excellence for all cardiac care & allied services
- Awarded the best website for accessing International Medical Information for patients/ Consumers by “Common health world 2007”

#### **Wockhardt hospital**

- Wockhardt hospital & Heart Institute , Bangalore over the last 16 years has been marked as a centre of Medical Excellence in India.
- Has ties up with Harvard Medical School.
- Wockhardt Mumbai is a hub for International patients.
- Wockhardt Hospital Kolkata has a centre of research , learning& innovation

#### **Fortis Hospital**

- 2 cath labs that function 24 hours
- Heart Lung machine supplied by Terumo , Model Sarks 9000
- Fully electronic table
- Nuclear medicine.
- Greenfield projects
- Awarded as the best design awarded by the American institute of Architecture 1999

#### **Apollo Hospital**

- Apollo hospital labs work for Pfizer Inc & Eli Lilly company
- Brownfield expansion decreasing cost and time
- First wellness centre at Apollo Chennai in 2005.
- Increase in patients 20% per year
- Apollo health & Lifestyle Ltd has been awarded with “Franchises of the year award “ for running 50 clinics across the country
- Recognized as “Superbrand” of India in healthcare for the year 2003
- Third largest health provider in India
- First American liver Transplant done at Apollo hospital
- Apollo hospital Chennai “Centres of Excellence” by Government of India.

### **7. Public Private Partnerships**

#### **Apollo Hospital**

Apollo hospital Raichees , SMS hospital , Jaipur to primary care(Karuna trust in Karnataka) & slum communities Arpana Swasthya Kendra, Delhi, urban slum care in the district town of Adilabad, Andhra Pradesh.

### **Maxhealthcare Hospital**

Three new hospitals are coming up in Delhi and two in Punjab (Mohali & Bhatinda) in PPP mode with Punjab Government.

### **Wockhardt Hospital**

PPP with the government of Gujrat to manage the 275 bed Palanpur Civil general hospital in Gujarat.

### **Fortis Hospital**

Awarded PPP project with Delhi Government for ambulance services in NCT.

## **8. Medical Tourism**

### **Apollo Hospital**

- 7% -9% foreign patients every year.
- It receives 15-20% application forms per week from NRI doctors.
- It is expected to reach \$40 billion by 2010.
- Most common hospital for Medical Tourism is Indraprastha hospital

### **Maxhealthcare Hospital**

- 5%-6% of foreign patients every year.

### **Fortis Hospital**

- 4%-5% of foreign patients every year which is a source of foreign exchange.

### **Wockhardt Hospital**

- MTQUA Fortis Hospital , Bangalore (formly known as Wockhardt hospital , Bangalore ) is number one of the MTQUA top 10 world's best hospital for medical tourists and receives 2%-3% foreign patients every year.

## **9. Telemedicine**

### **Apollo Hospital**

- Launching the first rural telemedicine of worth \$40 billion by 2010.
- Engaged in IT outsourcing
- Apollo Telemedicine Enterprise Ltd (ATEL) established in 1999.

### **Maxhealthcare Hospital**

- Telemedicine in state like U.P , Manipur , Bihar , Haryana & M.P,already connected.

### **Fortis Hospital**

- Wide network of Telemedicine in African countries.

### **Wockhardt Hospital**

- Wockhardt Heart hospital, Bangalore
- Wockhardt Medical college, Gulbarga
- Wockhardt heart hospital , Goa. Implemented by Indocomputech Software.

## **10. Plans and Programmes**

### **Maxhealthcare Hospital**

- Launches out patient health plans-partnership between healthcare company & insurance company.
- Patient insurance package (1,00,000 – 5,00,000) & has tied up with state run United India Insurance Company Ltd.
- 20,000 family healthcare plans with top line revenue of Rs 200 million in the first year of operation
- Care programmes like: Healthy neighbourhood programme , Max happy family , Home care programmes , school programmes , Corporate programmes
- Preventive health programmes like: Platinum programme , Basic screening Bronze , Silver & Gold PHP.
- Speciality preventive programme.
- Works through “Medical Excellence Model”.
- With a “Hub and Spoke Model” in mind with four levels of care, there will be basic centres called “Max Implant” in the offices of organisation , primary level healthcare centres (Dr. Max TM clinics), secondary (max medcentre and secondary care hospitals) & tertiary “end to end” care sites (multi speciality 7 super speciality hospitals)

### Wockhardt Hospital

- Clinic Rejuve Programme : has been launched under two categories : Hospital based & On site workplace wellness programmes.

### Fortis Hospital

- Hub & Spoke Model
- Largest joints , renal & neurology programmes in India
- Clinic Rejuve Programme
- Education programmes like ACTFAS, CHETNA, SAAHAYAK, SAARTHAK, HAMARI BETI programmes
- Rural outreach programmes, free medical camp
- 220 such programmes – CSR.

### Apollo Hospital

- Apollo knee Clinic Programme – 360 degree approach

### 11. Turnovers

- Wockhardt hospital : Rs 2757 crores in sept 2009
- Maxhealthcare hospital : Rs 4166 crores in sept 2009
- Fortis hospital : Rs 443 crores in sept 2009
- Apollo hospital : Rs 12,147 crores in sept 2009
- Sunderlal jain hospital: rs 15-30 lakhs in sept 2009.

### Competitive Profile Matrix

Particulars	Weights	Apollo	Score	Wockhardt	Score	Max	Score	Fortis	Score	Sunderlal jain	Score
Medical infrastructure	0.25	4	1	2	0.5	2	0.5	3	0.75	1	0.25
Mergers & Acquisitions	0.05	2	0.1	2	0.1	3	0.15	4	0.2	1	0.05
Quality Accreditations	0.25	4	1	2	0.5	1	0.25	2	0.5	1	0.25
Hospitals Expansion	0.05	2	0.1	1	0.05	3	0.15	1	0.05	1	0.05
Centres of excellence	0.03	4	0.12	2	0.06	3	0.09	3	0.09	1	0.03
Medical Tourism	0.14	4	0.56	2	0.28	3	0.42	3	0.42	1	0.14
Telemedicine Plans & Programmes	0.1	4	0.4	3	0.3	2	0.2	4	0.4	1	0.1
Turnovers	0.02	4	0.08	3	0.06	3	0.06	2	0.04	1	0.02
TOTAL	1		3.73		2.07		2.21		2.63		1

Thus we see through CPM Matrix that Apollo is performing much better, then Fortis, then Maxhealthcare, then Wockhardt and the poor performance is observed in Sunderlal jain hospital.

### Conclusion

With quality, outcomes, and value being the watchwords for health care in the 21st century, sector stakeholders around the globe are looking for innovative and cost-effective ways to deliver patient-centered, technology-enabled “smart” health care, both inside and outside hospital walls.

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